



Date: July 6, 2015
To: Thomas J. Bonfield, City Manager
From: Germaine Brewington, Director of Audit Services
Subject: Grants Management Performance Audit (June 2015)

Executive Summary

The Department of Audit Services completed the report on the Grants Management Performance Audit dated June 2015. The purpose of the audit engagement was to determine if adequate controls existed over the management of Federal grant funds at the Office of Economic and Workforce Development.

Background

The Office of Economic & Workforce Development (OEWD) receives grants from various federal agencies for a variety of programs. According to the Schedule of Expenditures of Federal and State Awards for the year ended June 30, 2014, OEWD expended approximately \$2,253,989 in grants received from the U.S. Department of Labor, passed-through the North Carolina Department of Commerce: Workforce Investment Act (WIA)-Cluster. In addition, the department received and expended approximately \$121,877 of a U.S. Environmental Protection Agency award.

The following table lists the federal grants available to OEWD for FY 2015:

GRANT NAME	Grant Award
WIA Pilot Demonstration	\$162,356
WIA 2013-2015 ADMIN	\$168,532
WIA 2013-2015 ADULT WORKER	\$535,078
WIA 2013-2015 DISLOCATED WORKER	\$381,258
WIA 2013-2015 YOUTH	\$600,458
WIA 2013-2015 INCUMBENT WORKER	\$ 23,817
WIA 2014-2016 ADMIN	\$192,397
WIA 2014-2016 ADULT WORKER	\$556,547
WIA 2014-2016 DISLOCATED WORKER	\$544,020
WIA 2014-2016 YOUTH	\$631,005
WIA 2014-2015 JOB DRIVEN	\$355,049
WIA 2014-2016 INCUMBENT WORKER	\$ 2,618
EPA 2012-2015 JOB TRAINING GRANT	\$199,998
EPA 2014-2017 JOB TRAINING GRANT	\$200,000
EPA BROWNFIELDS HAZARDOUS SUBSTANCE	\$199,999
EPA BROWNFIELDS PETROLEUM SUBSTANCE	\$200,000

The Office of Economic and Workforce Development's grants management responsibility primarily resides with the Administrative Services function and the program managers. Administrative Services personnel are responsible for the overall financial monitoring activities such as preparing monthly financial reports, performing drawdowns and monitoring expenditures. The grant program managers are responsible for the daily programmatic and administrative activities and are ultimately responsible for ensuring grants are managed in accordance with grant agreements and applicable regulations.

Results in Brief

Overall, adequate controls existed over financial grant activities carried out by the Office of Economic and Workforce Development (OEWD) staff. However, drawdowns were not performed in compliance with City policy. OEWD staff should perform drawdowns in accordance with Policy FP 103.1- *Administration of Grants* and the Durham Workforce Development Board (DWDB) *Drawdown Policy*. They should also document the risk assessments performed [that pertained to site visits], which were used to determine varying levels of monitoring. In addition, adequate controls existed to monitor subrecipients. The department could enhance its subrecipient monitoring process by ensuring that the work performed during site visits is sufficiently documented.

Two recommendations were suggested to enhance controls over grants management. Management concurred with both recommendations.

Issues and Analysis

The attached report details the objectives, observations, and results of the Grants Management Performance Audit dated June, 2015.

Recommendation

The Department of Audit Services recommends the City Council receive and accept the Grants Management Performance Audit dated June 2015 as presented and approved at the June 22, 2015 Audit Services Oversight Committee meeting.

Attachment